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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 2/18/2004 AND ENDING 12/31/2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Pinnacle Financial Group, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

520 North Orlando Avenue, Suite 15

(No. and Street)

Winter Park

(City)

FL

(State)

32789

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Todd A. Boren

(407) 622-8118

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Fahndrich, Michael G.

(Name - if individual, state last, first, middle name)

399 Northwest Boca Raton Blvd., Boca Raton

(Address)

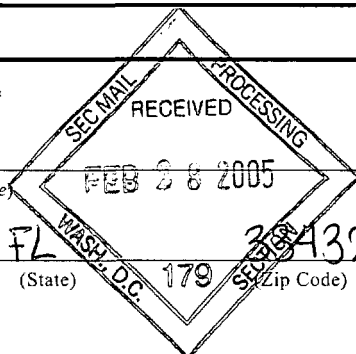
(City)

FL

(State)

33432

(Zip Code)



CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 15 2005

[Signature]

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**THOMSON
FINANCIAL**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

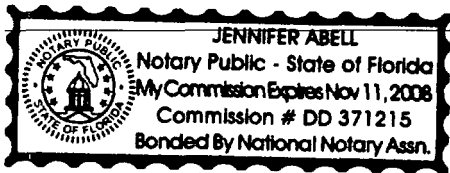
SEC 1410 (06-02)

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6/11/04

OATH OR AFFIRMATION

I, Todd A. Boren, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pinnacle Financial Group, LLC, as of December 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Todd A. Boren
Signature
President and CEO
Title

Jennifer Abell
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

PINNACLE FINANCIAL GROUP, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2004



Mayer Hoffman McCann P.C.

An Independent CPA Firm

399 Northwest Boca Raton Boulevard
Boca Raton, Florida 33432
561-392-7929 ph
561-391-3018 fx
www.mhm-pc.com

INDEPENDENT AUDITORS' REPORT

To the Members
Pinnacle Financial Group, LLC
Winter Park, Florida

We have audited the statement of financial condition of Pinnacle Financial Group, LLC (the Company) as of December 31, 2004 and the related statements of operations, changes in members' equity, and cash flows for the period February 18, 2004 (inception) through December 31, 2004 that you are filing pursuant to Rule 17a-5(g) under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Pinnacle Financial Group, LLC as of December 31, 2004, and the results of its operations and its cash flows for the period February 18, 2004 (inception) through December 31, 2004 in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Boca Raton, Florida
February 16, 2005

PINNACLE FINANCIAL GROUP, LLC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

ASSETS

Current assets:

Cash	\$ 446,289
Prepaid expenses	17,912
Total current assets	<u>464,201</u>

Equipment, less accumulated depreciation of \$360 9,749

Other assets:

Goodwill	153,405
Deposits	55,435
Investments, at equity	74,531
	<u>283,371</u>

Total assets \$ 757,321

LIABILITIES AND MEMBERS' EQUITY

Current liabilities:

Accounts payable	\$ 1,274
Total current liabilities	<u>1,274</u>

Members' equity 756,047

Total liabilities and members' equity \$ 757,321

See Notes to Financial Statements

PINNACLE FINANCIAL GROUP, LLC
STATEMENT OF OPERATIONS
PERIOD FEBRUARY 18, 2004 (INCEPTION)
THROUGH DECEMBER 31, 2004

Revenue:	
Commissions	<u>\$ 4,882</u>
Operating expenses:	
Employee compensation and benefits	405,937
Professional fees	84,056
Travel	50,665
Promotional	50,236
Office and other expenses	<u>94,495</u>
Total operating expenses	<u>685,389</u>
Loss from operations	(680,507)
Other income (expense):	
Equity in earnings (loss) of jointly owned company	<u>(22,064)</u>
Net (loss)	<u><u>\$ (702,571)</u></u>

See Notes to Financial Statements

PINNACLE FINANCIAL GROUP, LLC
 STATEMENT OF CHANGES IN MEMBERS' EQUITY
 PERIOD FEBRUARY 18, 2004 (INCEPTION)
 THROUGH DECEMBER 31, 2004

Balance, February 18, 2004	\$ -
Capital contributions:	
Pinnacle Financial Corporation	1,270,722
J. MacArthur, LLC	247,396
	<u>1,518,118</u>
Distributions:	
Pinnacle Financial Corporation	(29,750)
J. MacArthur, LLC	(29,750)
	<u>(59,500)</u>
Net income (loss)	<u>(702,571)</u>
Balance, December 31, 2004	<u>\$ 756,047</u>

See Notes to Financial Statements

PINNACLE FINANCIAL GROUP, LLC
STATEMENT OF CASH FLOWS
PERIOD FEBRUARY 18, 2004 (INCEPTION)
THROUGH DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ (702,571)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:	
Depreciation	360
Equity in loss of jointly owned company	22,064
Decrease (increase) in operating assets:	
Prepaid expenses	(17,912)
Increase (decrease) in operating liabilities:	
Accounts payable	<u>1,274</u>
Net cash flows from operating activities	<u>(696,785)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Deposits paid	(55,435)
Purchase of equipment	(10,109)
Investment in jointly owned company	<u>(250,000)</u>
Net cash flows from investing activities	<u>(315,544)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions from members	1,518,118
Distributions to members	<u>(59,500)</u>
Net cash flows from financing activities	<u>1,458,618</u>
Net increase in cash	446,289
Cash, inception	<u>-</u>
Cash, December 31, 2004	<u>\$ 446,289</u>

See Notes to Financial Statements

PINNACLE FINANCIAL GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

(1) Nature of business and significant accounting policies

Nature of business - Pinnacle Financial Group, LLC (the Company) provides money management and other financial and advisory services to individual and corporate clients. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company is a Florida Limited Liability Company.

The Company was formed on February 18, 2004 and obtained its registration with the NASD as a broker-dealer on October 8, 2004. No significant broker-dealer activities occurred during 2004.

A summary of the Company's significant accounting policies follows:

Cash and cash equivalents - For purposes of reporting the statement of cash flows, the Company includes all cash accounts and all highly liquid investments purchased with a maturity of three months or less, other than securities held for sale in the normal course of business, as cash and cash equivalents on the accompanying statements of financial condition.

Investments - Investments in jointly owned companies in which the Company has a 20% to 50% interest or otherwise exercises significant influence are carried at cost, adjusted for the Company's proportionate share of their undistributed earnings or losses.

Revenue recognition - Investment advisory fees are recognized as earned on a pro rata basis over the term of the contract. Co-Agent commissions relative to insurance products are recognized when the underlying transaction is completed.

Use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Depreciation - Depreciation on equipment is provided on a straight-line basis using an estimated useful life of three years.

Advertising costs - Advertising costs are charged to operations when incurred. Advertising expense was approximately \$12,000 for the period ended December 31, 2004.

Income Taxes - The Company is a Limited Liability Company and is treated as a partnership for tax purposes. The Company's members are responsible for their respective share of income taxes.

PINNACLE FINANCIAL GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

(2) Investments in jointly owned company

In October, 2004, the Company purchased 40% of the stock of Richmond Investments (Bermuda) Limited (Bermuda) for \$250,000. The investment is carried at equity. At December 31, 2004, the investment in Bermuda exceeded the Company's share of the underlying net assets by \$153,405. This excess investment is reported as goodwill and is not amortized in accordance with Statement of Financial Accounting Standard 142.

The following is a summary of 2004 financial position and results of operations of Bermuda:

Current assets	\$ 202,628
Equipment	1,196
Total assets	<u>203,824</u>
Current liabilities	17,498
Stockholders' equity	186,356
Revenue	-
Net loss	55,161

(3) Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, restrictions may be imposed to prohibit equity withdrawals or cash dividends if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company had net capital as defined by Rule 15c3-1 of \$522,435 which exceeds its required net capital of \$5,000 by \$517,435. The Company's ratio of aggregate indebtedness to net capital was .002 to 1 at December 31, 2004.

(4) Exemption

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission. Therefore, the Company is not required to make the periodic computation of reserve requirements for the exclusive benefit of customers.

PINNACLE FINANCIAL GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

(5) Related party transactions

During 2004, Pinnacle Financial Corporation (a member of the Company), paid various expenses and purchased equipment on behalf of the Company pursuant to an Expense Agreement. Expenses totaled approximately \$660,000 and equipment totaled approximately \$10,000. The transactions were reported as capital contributions from Pinnacle Financial Corporation.

The Expense Agreement states that Pinnacle Financial Corporation is solely responsible for providing capital contributions to the Company for operating expenses. The agreement expires February 18, 2006.

ADDITIONAL INFORMATION



Mayer Hoffman McCann P.C.

An Independent CPA Firm

399 Northwest Boca Raton Boulevard
Boca Raton, Florida 33432
561-392-7929 ph
561-391-3018 fx
www.mhm-pc.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL

To the Members
Pinnacle Financial Group, LLC
Winter Park, Florida

We have audited the financial statements of Pinnacle Financial Group, LLC for the year ended December 31, 2004, and have issued our report thereon dated February 16, 2005. As part of our audit, we made a study and evaluation of the Company's system of internal accounting control (which includes the procedures for safeguarding securities) to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3 (a) (11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; or in complying with the requirements for prompt payment for securities of Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Pinnacle Financial Group, LLC taken as a whole. Our study and evaluation disclosed no condition that we believed to be a material weakness, and no facts came to our attention to cause us to believe that the Company was not in compliance with the exemptive provisions of Rule 15c3-3.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission and the National Association of Securities Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of members, and should not be used for any other purpose.

Mayer Hoffman McCann PC

Boca Raton, Florida
February 16, 2005



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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Boca Raton, Florida 33432
561-392-7929 ph
561-391-3018 fx
www.mhm-pc.com

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Members
Pinnacle Financial Group, LLC
Winter Park, Florida

We have audited the financial statements of Pinnacle Financial Group, LLC as of December 31, 2004. Our audit was made for the purpose of forming an opinion on the basic financial statements.

The information contained in Schedules I, II, III, and IV are presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements.

Mayer Hoffman McCann P.C.

Boca Raton, Florida
February 16, 2005

PINNACLE FINANCIAL GROUP, LLC
 COMPUTATIONS RELATED TO NET CAPITAL UNDER RULE 15c 3-1
 OF THE SECURITIES EXCHANGE ACT OF 1934
 DECEMBER 31, 2004
 COMPUTATION OF NET CAPITAL

Schedule I

1. Total ownership equity from Statement of Financial Condition		\$ 756,047
2. Deduct: ownership equity not allowable for net capital		
3. Total ownership equity qualified for net capital		756,047
4. Add:		
a. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0
b. Other (deductions) or allowable credits		
Deferred taxes on non allowable assets		
5. Total capital and allowable subordinated liabilities		756,047
6. Deduction and/or charges:		
a. Total non-allowable assets included in Statement of Financial Condition:	\$ 233,612	
b. Secured demand note deficiency	0	
c. Commodity futures contracts and spot commodities-proprietary capital charges	0	
d. Other deductions and/or charges contingent liability	0	233,612
7. Other additions and/or allowable credits:		
Deferred taxes on unrealized appreciation of investment securities		0
8. Net capital before haircuts on securities positions		522,435
9. Haircuts on securities:		
a. Contractual securities commitments		
b. Subordinated securities borrowings		
c. Trading and investment securities:		
i. Exempted securities		
ii. Debt securities		
iii. Options		
iv. Other securities		0
d. Undue concentration (illiquid investment securities)		
e. Other		
10. Net capital		\$ 522,435

PINNACLE FINANCIAL GROUP, LLC
COMPUTATIONS RELATED TO NET CAPITAL UNDER RULE 15c 3-1
OF THE SECURITIES EXCHANGE ACT OF 1934
DECEMBER 31, 2004
COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS
AND AGGREGATE INDEBTEDNESS

Schedule II

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

11. Minimum net capital required (6-2/3% of line 19)	\$ 159
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries	\$ 5,000
13. Net capital requirement (greater of line 11 or 12)	\$ 5,000
14. Excess net capital (line 10 less 13)	\$ 517,435
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 522,308

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities included in Statement of Financial Condition	\$ 1,274
17. Add:	
a. Drafts for immediate credit	
b. Market value of securities borrowed for which no equivalent value is paid or credited	
c. Other unrecorded amounts contingent liability	0
19. Total aggregate indebtedness	\$ 1,274
20. Ratio of aggregate indebtedness to capital (line 19 divided by line 10)	0.002

PINNACLE FINANCIAL GROUP, LLC
RECONCILIATION WITH COMPANY'S COMPUTATIONS RELATED
TO NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES EXCHANGE ACT OF 1934
(INCLUDED IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2004)

Schedule III

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL

Net capital as reported in Part I of Form X-17A-5	\$ 495,015
Net audit adjustments:	
Adjust for prepaid insurance	17,671
Adjust for prepaid fidelity bond	(240)
Record depreciation	(360)
Record equity in loss of jointly owned company	(22,064)
Adjust for additional capital contribution	10,109
Adjustment of nonallowable assets	22,304
<hr/>	
Net capital as reported on line 10 of Schedule I	\$ 522,435

RECONCILIATION WITH COMPANY'S COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness as reported in Part IIA of Form X-17A-5	\$ 1,274
Net audit adjustments:	
None	
<hr/>	
Total aggregate indebtedness as reported on line 19 of Schedule II	\$ 1,274

PINNACLE FINANCIAL GROUP, LLC
STATEMENT PURSUANT TO 15c 3-3
SECURITIES EXCHANGE ACT OF 1934
DECEMBER 31, 2004

Schedule IV

As more fully described in Note 4 of the notes to financial statements, the Company does not hold funds or securities of customers. Accordingly, the Company is exempt from the requirements to maintain a "Special Reserve Account for the Exclusive Benefit of Customers" under provisions of SEC Rule 15c-3 based on paragraph K (2) (i) of the rule.